

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7290**

**BILL NUMBER:** HB 1666

**NOTE PREPARED:** Feb 17, 2005

**BILL AMENDED:**

**SUBJECT:** Dairy Industry Development Board.

**FIRST AUTHOR:** Rep. Stutzman

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **X DEDICATED**  
                              **FEDERAL**

**IMPACT:** No Fiscal Impact

**Summary of Legislation:** This bill provides that the Dairy Industry Development Board instead of the Treasurer of State has custody of money received as assessments under the Dairy Industry Development Law. The bill requires the Board to establish a fund controlled by the Board in which to deposit assessments. It requires the Board to invest the money as other public funds are invested. The bill also appropriates the money in the Dairy Industry Development Fund on June 30, 2005, to the Board. The bill also repeals the statute establishing the Dairy Industry Development Fund.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** Under existing law, a dairy producer must remit the required assessment to the Dairy Industry Development Board not later than the last day of the month following the month in which the milk is commercially used. The Board remits all assessments to the State Treasurer for deposit in the Indiana Dairy Industry Development Fund. The proposal abolishes the fund and provides that money in the fund on June 30, 2005, is appropriated to the Board. On July 1, 2005, the State Treasurer must transfer all money in the fund and records relating to the fund to the board. The board must deposit the money transferred by the Treasurer in a fund established by the Board. The bill specifies that the Board must administer the fund. The fund is not a part of the State Treasury. The Board must invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments must be deposited in the fund. Money in the fund may be used to jointly sponsor projects with any private or public organization for dairy advertising and promotion; market research; nutrition and product research and development; nutrition and educational programs; and other activities.

The proposal could result in a minor decrease in administrative expenses incurred by the State Treasurer because the State Treasurer will no longer be involved with revenue generated by the assessments. However, the impact is not expected to be significant.

As of June 30, 2004, the fund had a balance of \$325,959.

*Background:* The Dairy Industry Development Law was passed during the 2000 session of the Indiana General Assembly. The law created the Indiana Dairy Industry Development Board and established procedures for selection of board members and board operations. It established an assessment of \$0.10 per hundredweight on all milk produced in Indiana for commercial use. (The U.S. Department of Agriculture no longer collects milk promotion money from dairy producers.) Revenue from the assessments was to be used for dairy advertising and promotion, market research, nutrition, product research and development, nutrition, and educational programs.

The Indiana Dairy Industry Development Board's administrative costs are funded through a checkoff program with Indiana milk producers. State law allows the Board to use up to 5% of the funds received from the producers for administrative charges. The remaining funds are used for milk-related promotion, development, and research. The Board is required to submit an annual report to the Commissioner of Agriculture. State employees do not provide staff support to the Board.

**Explanation of State Revenues:** See *State Expenditures* above.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Dairy Industry Development Board; Office of the Commissioner of Agriculture; State Auditor's Allotment and Appropriation Trial Balance.

**Local Agencies Affected:**

**Information Sources:** Joe Pearson, Office of the Commissioner of Agriculture, 317-232-8775.

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.